

**SIG Swiss Industrial Company**  
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**TELEFAX**

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MEC Ltd.  
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Date: 12/04/97

Your ref.:

Our ref.:

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Dear Tony and Jonathan:

Thank you for your fax from November 25.

1. Sorry but we never received an invoice from you (if I remember correctly both of you were in Switzerland on August 22).
2. The payment you mention is not due upon delivery of the Functioning Prototype but according to the contract "upon invoice following approval at completion of Stage 2." This approval has not been made since our marketing people are not sure if we should introduce a PIN-code-based solution to the market. They also still discuss the features of a childproof gun and the timeframe for introducing it in the light of Clinton's gunlock decision.

Having that in mind we are not in the condition for continuing the project with you also since our resources are limited and the project costs of additional 340 k\$ are very high.

Sincerely yours,

Dr. Dieter Strich

Rudolf Fuchs

Exhibit 16